Service Plan

Fiscal Years 2002-2005

BC Transit

BC Transit Systems

Victoria Regional Transit System
- Conventional Transit
- Custom Transit

Municipal Systems
Conventional Transit Systems (24)
- Campbell River
- Central Fraser Valley
- Chilliwack
- Comox Valley
- Cowichan Valley
- Cranbrook
- Dawson Creek
- Fort St. John
- Kamloops
- Kelowna Regional
- Kitimat
- Kootenay Boundary
- Nanaimo Regional
- Nelson
- Penticton
- Port Alberni
- Powell River
- Prince George
- Prince Rupert
- Squamish
- Sunshine Coast
- Terrace Regional
- Vernon Regional
- Whistler

Municipal Systems
Paratransit Systems (32)
- Agassiz-Harrison
- Boundary
- Castlegar Regional
- Clearwater & Area
- Comox Valley
- Cowichan Valley
- Cranbrook
- Creston Valley
- Fort St. John
- Hazeltons' Regional
- Kaslo
- Kimberley
- Nakusp
- Nelson & Area
- Nelson-Slocan Valley
- North Okanagan
- Okanagan-Similkameen
- 100 Mile House & Area
- Osoyoos
- Pemberton Valley
- Port Edward
- Powell River
- Princeton & Area
- Quesnel & Area
- Revelstoke
- Shuswap Regional
- Smithers & Area
- Squamish
- Summerland
- Sunshine Coast
- Terrace Regional
- Williams Lake

Municipal Systems
Custom Transit Systems (13)
- Alberni-Clayoquot
- Campbell River
- Central Fraser Valley
- Chilliwack
- Kamloops
- Kelowna Regional
- Kitimat
- Kootenay Boundary
- Nanaimo Regional
- Penticton
- Prince George
- Prince Rupert
- Vernon Regional

BC Transit Systems

Victoria Regional Transit System
- Conventional Transit
- Custom Transit

Municipal Systems
Conventional Transit Systems (24)
- Campbell River
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Municipal Systems
Paratransit Systems (32)
- Agassiz-Harrison
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- Pemberton Valley
- Port Edward
- Powell River
- Princeton & Area
- Quesnel & Area
- Revelstoke
- Shuswap Regional
- Smithers & Area
- Squamish
- Summerland
- Sunshine Coast
- Terrace Regional
- Williams Lake

Municipal Systems
Custom Transit Systems (11)
- Alberni-Clayoquot
- Campbell River
- Central Fraser Valley
- Chilliwack
- Kamloops
- Kelowna Regional
- Kitimat
- Kootenay Boundary
- Nanaimo Regional
- Penticton
- Prince George
- Prince Rupert
- Vernon Regional

BC TRANSIT SERVICE PLAN
FISCAL YEARS 2002/03 — 2004/05
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Governance Structure 8

BC Transit's website includes information on all its programs and services
www.bctransit.com

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1. OVERVIEW OF THE ORGANIZATION

BC Transit is the provincial Crown agency charged with coordinating the delivery of public transportation throughout British Columbia outside of Greater Vancouver. Its mandate includes planning, funding, constructing, marketing and operating transit systems — either directly or indirectly — in partnership with local government throughout the province. According to the *British Columbia Transit Act* the Corporation is to:

> ***"... plan, acquire, construct or cause to be constructed public passenger transportation systems and rail systems that support regional growth strategies, official community plans, and the economic development of transit service areas", [and] "to provide for the maintenance and operation of those systems".***
>
> ***BC Transit Act (Section 3.1)***

The scope of BC Transit's program is:

- 35 million passengers carried annually
- 52 transit service areas
- 1.6 million people served in BC
- $117 million annual operating budget
- fleet of 700 buses and vans

BC Transit functions as a provincial/local government/private partnership — one that benefits from a strong component of local government decision-making and private sector expertise. In 90% of its service areas, private companies or non-profit societies provide transit under contract to the Corporation and the local government authority. BC Transit puts most systems out to competitive tender every five years, bringing the discipline of the marketplace to bear on service delivery.

Three types of service are provided:

- ***conventional transit*** - mid-sized or large bus, fixed route, fixed schedule service;
- ***custom transit*** - for those who cannot use conventional transit because of a disability, handyDART door-to-door service, contracted taxi supplement and Taxi Saver program; and
- ***paratransit*** - small bus service for both conventional and custom transit passengers in less densely populated towns and rural areas.

2. STRATEGIC CONTEXT

2.1 Note on the Core Services Review Process

At the time of developing this *Service Plan*, a "Core Services Review" of all BC provincial agencies and programs is underway. This review is examining the public policy rationale and

need, delivery options, accountability and performance measures for all services provided by the provincial government. It is likely that the conclusion of the Core Services Review may result in adjustments to BC Transit's proposed strategies and services described below.

BC Transit has prepared three budget scenarios for the next three years. As detailed later in the report, this *Service Plan* is based upon the "Pushing the Envelope" budget scenario, which maintains a flat provincial contribution (at the 2001/02 level) as the Province's share of program expenditures for fiscal years 2002/03 to 2004/05. Pending further direction from government, BC Transit's Board of Directors have approved this approach.

2.2 Vision and Mission

BC Transit's programs and policies strive to ensure that the many benefits of public transportation —providing citizens with access to jobs, education and health care; reducing transportation infrastructure and traffic congestion costs; contributing to improved air quality; and enhancing community and regional development — are realized to the fullest extent possible.

Due to the Province's economic situation, it is recognized that fiscal stringency will be required in the next three years. Throughout this period, BC Transit will need to focus on cost-containment as it endeavors to continue to support regional and community development, and meet the travel requirements of its customers.

At the same time, and on a broader level, it is widely recognized throughout North America that a new public transportation paradigm for the 21st century is emerging. This paradigm has two essential characteristics: a shift away from highway capacity expansion to transportation system management and expanded travel choices; and a consistent focus on the user's full trip, not simply individual segments of the trip. It will be increasingly important in the coming years for BC Transit to continue to re-assess, and where necessary refine, its services so that the integration of public transit with all transportation modes is maximized for the benefit of the customer.

As part of the Core Services Review, BC Transit is proposing that over the next three to five years its strategic focus — within the framework of municipal partnerships and municipal priorities — be enhanced to broaden the development of public passenger transportation in British Columbia. Proposals to re-position BC Transit's mandate are discussed in more detail later in this report. They include:

- Partnering with the Ministry of Education on student transportation by providing support services for school busing.

- Formalizing BC Transit's activities in support of Transportation Demand Management, vanpooling and promotion of other travel options in partnership with local governments.

•As a precursor to establishment of Regional Transportation Authorities (RTAs) in selected areas of the province, creating capacity within regional and municipal governments to assume greater authority for transportation.

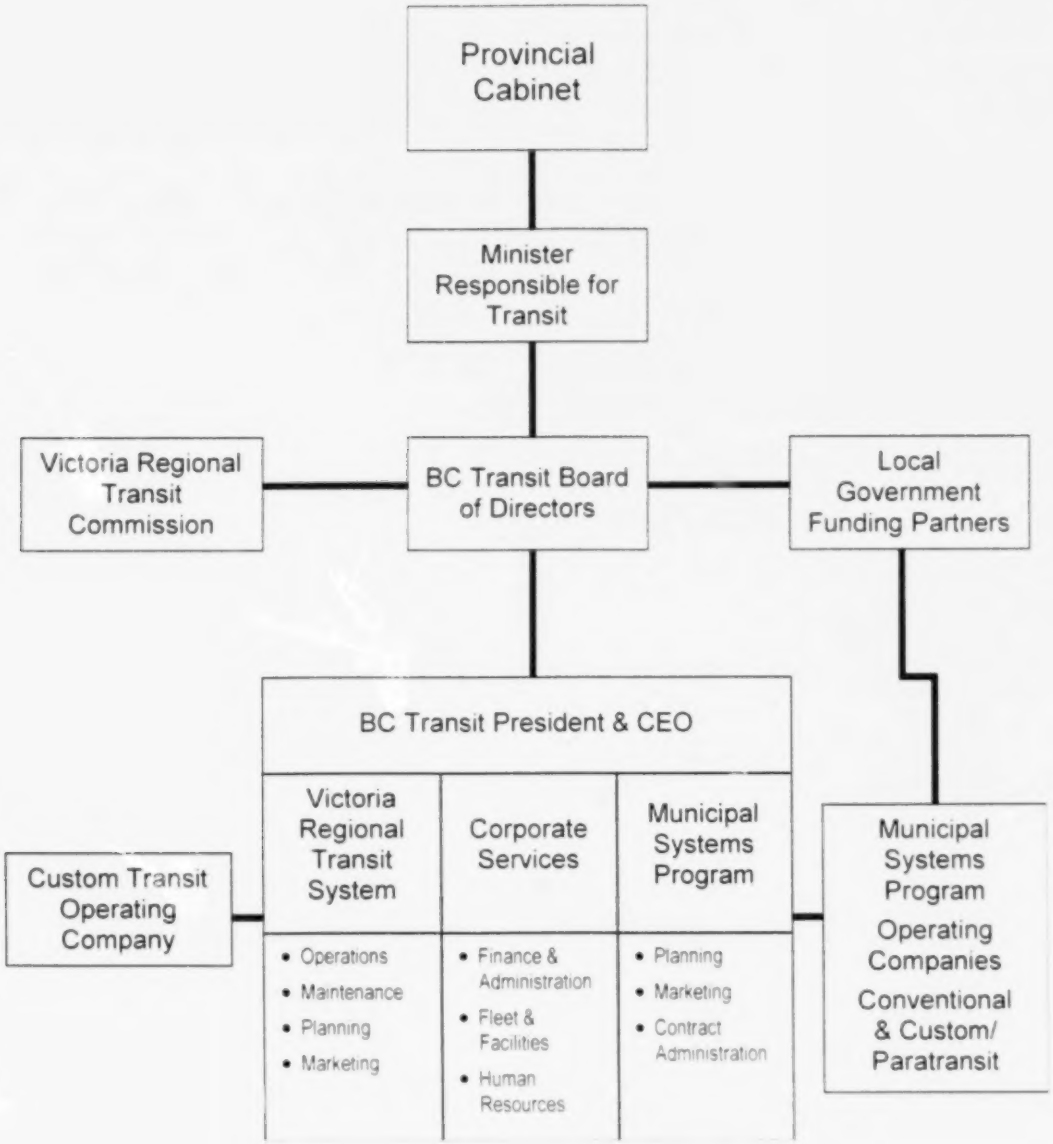
2.3 Values

BC Transit manages within the governance framework described below and is guided by the following principles:

•Joint Provincial and Local Government Representation on the Board of Directors—

The Corporation is governed by a seven-member Board of Directors, appointed by the province according to criteria specified in the *BC Transit Act*. The *Act* requires four of the Board members to be municipally-elected representatives. The Chair reports to a provincial cabinet minister.

BC Transit
Governance Structure



•Strong and Transparent Local Decision-Making —

The Victoria Regional Transit Commission consists of a minimum of seven members, principally local mayors, who are appointed according to the *Act*. The Commission sets routes, service levels, fares and local taxes for transit purposes. It reviews and recommends for approval to BC Transit's Board its annual operating and capital budget. The Commission is responsible for raising the local share of the annual cost of transit in the region. Its monthly meetings are open to the public.

In the Municipal Systems Program, service plans and budgets are approved each year in open sessions by councils or regional district boards, who also set fares and raise the local share of transit costs. The BC Transit Board approves Municipal Systems Program budgets as well as operating company selection and annual agreements, and designates transit service areas.

•Partnerships and Cooperation —

BC Transit solicits the participation and cooperation of citizens, business, labour and local government in the provision of public transit. In the Municipal Systems Program, transit is a unique three-way partnership benefiting from the expertise of BC Transit and private transit operating companies, as well as local government priorities regarding services and fares.

•Focus on Safety —

Ensuring safety and security throughout its operations — for customers, staff and the public at large — is a key priority for BC Transit.

•Market-Based Service Design —

With its market focus, BC Transit strives to maximize service convenience and appeal to existing and future customers. A number of different pricing and service designs have been developed in this regard — for example, paratransit small bus services; taxi-delivered handyDART; and the UPass bus pass program for colleges and universities.

•Sound Financial and Contract Management Practices —

The corporation uses sound financial and accounting practices to ensure the highest value is received for dollars spent. A competitive process for operating company selection takes place every five years.

•Environmental Stewardship —

BC Transit is an environmentally responsible corporation. As older vehicles are retired they are replaced with newer vehicles that meet stringent emission standards. New bus garages, and those scheduled for major upgrades, include wastewater treatment facilities, high-

efficiency light and heating systems, and other environmental features. BC Transit supports community efforts to encourage sustainable transportation services.

2.4 Planning Context and Key Strategic Issues

The following issues represent key opportunities and challenges for BC Transit in the coming three years.

•A Period of Fiscal Restraint —

Three factors contribute to the fiscal challenges anticipated by BC Transit in the period ahead. Indications are that there will be no more provincial funding available than in prior years. As noted in Section 2.1, a "Pushing the Envelope" funding scenario has been assumed for this three year service plan. This scenario is based on a fixed provincial funding contribution (at the 2001/02 level) over this three year period. At the same time, economic slowdown, particularly in certain regions of British Columbia, may also precipitate financial restraint by local governments. BC Transit will work with local government partners to meet established local funding targets.

Travel is a derived demand, and transit ridership as a rule reflects economic indicators. Economic difficulties in the resource-based towns, and the Capital Region, may have a negative affect on market demand and hence farebox and advertising revenue.

•Student Transportation —

Currently, BC Transit works with many school districts to coordinate student transportation service. These efforts have reduced duplication between school bus and transit services and saved money overall. Coordinated student transportation planning is a strategic objective for BC Transit.

For the future, new directions in student transportation management are being explored. Last year the Ministry of Education asked BC Transit to review the funding allocation system and service delivery structure for student transportation and recommend improvements in efficiency and effectiveness.

BC Transit is continuing to discuss with the Ministry the potential for cost savings through professional services, strategic procurement and contract management of student transportation services.

•Municipal Transportation Planning —

In areas experiencing urban development pressures — such as Kelowna, Nanaimo, Kamloops, Prince George and Whistler — BC Transit is increasingly being called upon to participate in the preparation of long-range transportation plans that support regional and economic development, community livability and environmental goals. This is part of a trend in the

larger BC communities to place more emphasis on strategic regional planning, with transportation planning (and the role of transit) as a fundamental part of this process.

•Capital Regional District Transportation Planning —

The *Regional Growth Strategy* (RGS) for the Capital Regional District has now proceeded to the final stages for local government bylaw approval. Given BC Transit's planning expertise and staff capability, the CRD has formally requested that the Corporation take the lead in the development of a *Regional Transportation Strategy* as part of this process.

The study management team includes executive from the Regional District, BC Transit, the Ministry of Community, Aboriginal and Women's Services and the Ministry of Transportation. A work plan and budget has been established for this project, with completion targeted for spring 2003. The cost of the study is being shared among the above parties, as each has a direct interest in its outcome.

•The Vancouver 2010 Olympic Bid —

Whistler is one of the communities BC Transit partners within its Municipal Systems Program. The Corporation is participating in the Whistler Transportation Subcommittee, and working on the local transportation component of the Vancouver 2010 Olympic Bid. The transportation plan for the bid is targeted for completion in the spring of 2002.

•Travel Demand Management —

Over the past several years, BC Transit has received an increasing number of requests (from municipal partners, major employers and others) for its support or involvement in transportation demand and supply management. This trend is expected to continue.

BC Transit is partnering with a number of agencies to promote travel options and reduce dependency on single occupant vehicle use. These initiatives, which support BC Transit's core mandate, are not directly sponsored or delivered by any other provincial agency. Activities include the following:

- The BC Transit Board has approved a program to maintain and develop vanpool services throughout the province, outside the GVRD. Vanpooling will be extended to new areas where local Transportation Demand Management (TDM) initiatives are in place.

- BC Transit staff is supporting transportation and local government planning processes for TDM in selected areas.

- With funding from Environment Canada, BC Transit has developed programs and a website to promote TDM training in the province.

•Pursuing senior government support for urban transportation —

Canada is the only G-8 country without an urban transportation funding program at the national level. The federal government has no direct constitutional responsibility for urban transit, although its interests overlap with provincial interests in a number of related areas — notably economic development, air quality, health and the environment — along with specific transportation interests in ports, airports and rail facilities.

In conjunction with TransLink, the Union of British Columbia Municipalities (UBCM), the Canadian Urban Transit Association (CUTA) and others, BC Transit is actively pursuing a greater federal financial commitment to urban transportation. Although the federal government collects $4.6 billion a year from fuel excise taxes, it spends only $400 million on transportation, with virtually none of these dollars going to urban transportation.

Together with the transit industry throughout North America, the Corporation is also participating in the largest campaign ever undertaken to enhance public support for transit. Called the "VIP" program, it is designed to enhance the visibility, image and positioning of public transit. The national print, radio and TV campaign for VIP has a budget of $2.5 million. It begins in January 2002, and is slated to run for two years. One focus in Canada will be to gain more backing for public transportation from all levels of government, especially federal. Special attention will be paid to reaching individuals and organizations viewed as influential in this regard.

3. GOALS AND OBJECTIVES

3.1 Goals and Objectives to 2004/05

The following strategic goals continue to shape BC Transit's service and corporate business activities.

Goal 1
Leadership —
Provide leadership in developing effective public transportation systems that respond to market and community needs.
Goal 2
Service Innovations —
Increase transit use through innovative and improved services.

Goal 3
Efficient and Effective Use of Resources —
Make efficient use of resources to maximize customer service and minimize subsidy levels.

Goal 4
Community / Partnership Participation —
Encourage the participation and cooperation of citizens, business, labour and local government in providing excellence in public transportation.

Goal 5
Safety —
Ensure customer safety and security throughout all BC Transit's systems.

Goal 6
Social and Environmental Responsibility —
Be recognized as a socially and environmentally responsible crown agency.

Goal 7
Positive Labour Relations —
Achieve positive and equitable labour relations, recognizing the invaluable contribution and experience of BC Transit employees.

4. CORPORATE STRATEGIES

4.1 Victoria Regional Transit System Development

In conjunction with the Commission, BC Transit will be formulating a new multi- year service and funding strategy for the Victoria Regional Transit System in the first half of 2002. The timeline for this is planned to allow assessment of local funding levels (including fares, local taxes and fuel tax) and to assess results of the intense efforts by transit, municipal and environmental interests nationally to encourage the federal government to support urban transportation investment.

Until the Commission approves a funding plan, it is not possible to precisely determine the scope of system development beyond the next few years. Nevertheless, the key strategies to increase ridership, service effectiveness and measures to promote the attractiveness of transit as a travel alternative can be envisaged at this point in time.

As was the case last year in the Capital Region, changes in fleet and service hours over the next three years will be very limited. This reflects many external factors including slower economic activity and population growth, cost pressures and public funding constraints.

Key elements of service development in the Victoria Regional Transit System are as follows:

•In the past three years, ridership has increased by about 8%, or 1.4 million rides. Demand for conventional transit is expected to rise by an average 2% this year, about double the rate of population growth, but growth in the 2002/05 period is not expected to occur due to economic factors, anticipated public sector work force reductions, minor transit service reductions and a general slowing of population increase to less than 1% per annum.

•As the population ages and community support programs develop the demand for custom transit is expected to grow faster than conventional transit. A 4% increase in service is projected for the handyDART, Taxi Supplement and Taxi Saver programs over the next three years.

•Adding 16 new double deck buses to the existing fleet of 10 will enable more passengers to be carried on busy routes. This means lower operating costs by reducing the need for "overload" buses, freeing up resources for reallocation to areas where demand continues to increase.

•Other measures to improve the convenience of public transit in the region are:

-The benefits of transit priority programs will begin to be realized. The completion of queue jumpers on Highway 1 at Tillicum Road, and at Admirals Road and McKenzie Avenue, will improve travel speed and convenience linking the core area to the growing centres in the Western Communities.

-"Park and ride" improvements in the Saanich Peninsula and the Western Communities will allow better access to transit for residents from low density areas where frequent bus service is not viable.

-A new transit exchange in Royal Oak will improve operational flexibility and efficiency.

–Schedule information will be improved through automated signs at major locations and better signage at local stops. There will also be enhanced use of web-based information.

-Some existing routes will be extended to strengthen regional connections between communities.

-Continued emphasis will be placed on the successful bus pass programs delivered by BC Transit in partnership with universities, colleges, schools and major employers.

4.2 Municipal Systems Program Development

BC Transit provides planning, marketing, fleet management, contract administration and funding for transit services for the Municipal Systems Program. The scope of the program comprises 24 conventional transit systems, 31 paratransit and 14 custom transit systems.

The Municipal Systems Program Strategic Plan maps out targets for service levels and expansion priorities to 2012, and provides a basis for funding additional services in communities actively supporting transit through changes in land use development, and Transportation Demand Management programs.

The strategic plan has been revised to reflect a "moderate growth" plan and a "flat funding" plan over the next three years. These plans were prepared to address the outlook of limited provincial funding, the anticipated reduction in economic activity in some regional economies and the resulting ability of local government to fund transit services.

The "flat funding" plan is based on a sustained level of provincial funding at current levels over the next three years. Noticeable cost reduction measures and minor service reductions are required to meet this target. Students (both high school and post secondary), commuters (particularly in larger communities) and older seniors (especially for accessible conventional and custom transit services) will continue to represent the key markets in the Municipal Systems Program. Service quality initiatives will also be pursued.

The major components of the "flat funding" plan for the Municipal Systems Program during the next three years are as follows:

- Conventional transit service cutbacks are required in each of the three years of this plan. A 15,000 service hour (2.2%) cutback is required in 2002/03 to offset the annualization of expansion implemented in 2001/02 and hold the service hours constant at 672,000. Another 29,000 hours of service will be eliminated in the following two years to meet the funding target. Establishing priorities for proposed service reductions in each of the three years will be required in consultation with local government partners. Service efficiency reviews will be undertaken in all transit systems.

- Existing custom/paratransit funding and service is maintained under this plan. The mix of custom/paratransit van and minibus service, Taxi Saver and Taxi Supplement levels will be adjusted according to demand in order to maximize the amount and quality of service to persons with a disability and seniors. A Travel Training program will also be implemented to assist custom transit customers to use accessible conventional transit services.

- The fleet will be upgraded with replacement vehicles, including accessible low-floor DART buses and Trident double-deck buses, vans and minibuses, as described in Section 4.3.1.

- Three technology initiatives are underway in the Municipal Systems Program to help increase performance and customer convenience – computer software for driver scheduling, automatic passenger counters and new fare collection technology.

- In several regions throughout the province, demand for regional transit linkages is becoming more pronounced and will be addressed through the new Vanpool and Ride Sharing Program of BC Transit.

- The very successful UPass program in Victoria will be extended to other universities and major colleges in British Columbia in the larger communities.

- Facility development plans will proceed in Whistler and several smaller projects in other locations as described in Section 4.3.1. BC Transit will also facilitate the provision of bus shelters by local government by brokering a purchase contract.

4.3 Corporate Strategies

4.3.1 Facilities and Fleet

BC Transit's capital program takes advantage of a number of cost containment strategies. These include maximizing the utilization of existing facilities; the use of operating leases to acquire land and facilities; and for new vehicle purchases, carefully managing the timing and matching of vehicle types to service requirements.

Several facility projects will be undertaken in the next three years. Construction of a new transit facility at Whistler will get underway in 2002. Planned projects also include expansions/upgrades to the Kamloops and Trail facilities and a vehicle wash facility in Kelowna.

Planned fleet acquisition to 2005 has been substantially reduced as a result of the current fiscal restraint, and will focus on high-capacity buses for major trunk routes, acquisition of mid-size Dart vehicles (with greater fuel and operating efficiency) for local routes, and proven vehicle types for the custom fleet. Specifics of the capital plan are included in Section 5.3.

4.3.2 Workforce Development

Overall, the public transportation industry in North America is faced with an ever-changing and aging workforce, low unemployment and a diverse population. Therefore, in the coming years it will be more and more difficult to attract, retain and re-train employees in the public transportation field.

To address this issue, BC Transit is participating on the American Public Transportation Association's "Workforce Development Initiative Task Force". These efforts are designed to provide a clearer understanding of the future challenges for the various components of the public transportation labour market, and the steps required to address these challenges.

4.3.3 Labour Negotiations

In the Municipal Systems Program and the Victoria handyDART system, transit employees are represented by a broad array of employers and unions. (As well, some smaller operations are non-unionized). Collective agreements in these instances are between the unions and private operating companies or societies that deliver the service. BC Transit does not participate in these negotiations.

In the conventional side of the Victoria Regional Transit System, two collective agreements — with Canadian Auto Workers (CAW) and Office and Professional Employee's International Union (OPEIU) representing over 570 staff —expire on March 31, 2004. The third collective agreement – with CUPE, Local 4500 representing the Transit Supervisor group – expires December 1, 2004.
Negotiations for new collective agreements with the CAW and OPEIU will commence in the fall of 2003 and with CUPE 4500 in the fall of 2004.

4.3.4 Transportation Planning

As work on the *Regional Growth Strategy* for the Capital Region concludes, the CRD has asked BC Transit to develop terms of reference and a project scope for the transportation component of the strategy, and lead the process to conduct this work. Funding is in place, and it is expected the regional transportation strategy will be complete by the spring of 2003.

BC Transit is also participating with concerned parties regarding transportation funding and governance of the major regional transportation infrastructure (primarily major roadways and bridges) in the Central Okanagan.

4.3.5 Exploration of New Funding Arrangements

As noted in Sections 4.1 and 4.2, the provincial funding levels assumed for the 2002-2005 period will result in minor service reductions in each program area. In some areas of BC economic growth, population increase and increased travel demands and local development priorities are creating the need for additional resources. Within the next fiscal year new funding arrangements will be assessed which may provide flexibility to provide resources to growth-oriented local governments to ensure transit can fulfill local transportation objectives.

4.3.6 Transportation Demand and Transportation Supply Management

BC Transit will continue to work directly or in partnership with other agencies to promote travel options and reduce dependency on single occupant automobile travel. These initiatives support BC Transit's core mandate, and are not directly sponsored or delivered by any other provincial agency. The key examples of activity in this area are:

•Vanpooling Program - A new structure has been put in place allowing the Jack Bell Foundation to carry on with its existing activities on Vancouver Island and other select BC locations when local transit demand management initiatives are in place.

•With funding from Environment Canada, BC Transit has developed a training program and a website to promote *Travel Options*. This program has also been delivered in 10 Canadian cities. Discussions with Environment Canada about further funding support or extension of the *Travel Options Sharing Program* are possible.

•Coordination of school busing and transit — in order to improve efficiency and reduce duplication of services — will be continued in several BC municipalities.

4.3.7 Information Systems Upgrade

In the course of the next three years, BC Transit will continue to upgrade its financial and information systems with investment in new hardware and software. The existing 10-year-old program used to develop schedules and driver shifts, has been upgraded, the scheduling software for Municipal Systems has been replaced, and the replacement of the financial system is in progress. Under the next phase, the existing human resources software will also be replaced, as well as the payroll systems and related operational management programs.

The implementation of a web based e-billing component for invoicing contracted services will be introduced. In addition, there is a multitude of databases that will be combined to form BC Transit's enterprise-wide data management system. These upgrades will improve system efficiency and reporting capabilities to meet increased demands of the *Budget Transparency and Accountability Act*.

5. SUMMARY FINANCIAL OUTLOOK

5.1 Existing Funding and Cost Sharing

The Regulations of the *BC Transit Act* set out the formulas for sharing transit costs. BC Transit's portion is provided by the provincial government out of general revenues.

In the Municipal Systems Program, the local share is made up of revenue from fares, advertising and property taxes. In the Victoria Regional Transit System, the local share is made up from fuel taxes as well as property taxes, fares and advertising.

The proportion of total expenditures paid for by fares varies from one transit system to another, and is significantly higher for conventional than custom/paratransit services. The greater the proportion of costs covered by fares, the lower the amount of taxes that must be collected by local governments to cover their share of costs.

5.2 Operating Budget Summaries

Total Provincial Contributions to BC Transit in 2002/03 are projected to be $44.58 million. This is a 6.6% reduction from the 2001/02 funding level which included $3.05 million in fuel cell engine development/testing. Net of the fuel cell initiative, the Provincial Operating Contribution is reduced by 0.3%.

Approved operating budgets for the current fiscal year, and preliminary forecasts for 2002/03 - 2004/05 are presented in Tables 1 and 2 below. All budget figures presented are consistent with the flat funding levels proposed under the "Pushing the Envelope" scenario.

Expenditures for conventional and custom transit in the Victoria Regional Transit System total $56.2 million in 2002/03, increasing by 1.8% to a level of $57.2 million by 2004/05, with operating costs declining and debt servicing costs rising to reflect the financing of new assets placed into service.

TABLE 1

OPERATING BUDGET SUMMARY
VICTORIA REGIONAL TRANSIT SYSTEM
($ thousands)

	2000/2001 Actual	2001/2002 Budget	2002/2003 Budget	2003/2004 Projection	2004/2005 Projection
EXPENDITURES					
CONVENTIONAL TRANSIT					
Operating Costs	43,415	44,913	44,124	44,245	43,984
Debt Servicing	4,558	6,071	6,868	7,438	7,765
Subtotal	47,973	50,984	50,992	51,683	51,749
CUSTOM TRANSIT					
Operating Costs	4,147	4,736	4,943	5,072	5,203
Debt Servicing	148	283	286	302	283
Subtotal	4,294	5,019	5,229	5,374	5,486
TOTAL PROGRAM EXPENDITURE	52,267	56,003	56,221	57,057	57,235
SOURCES OF FUNDING					
Fares/advertising	21,844	23,308	24,543	24,373	24,475
Fuel Levy	*7,343*	*7,831*	*7,455*	*7,500*	*7,518*
Property Levy	*5,566*	*7,741*	*7,794*	*7,846*	*7,898*
Other	*701*	*(100)*	*(672)*	*117*	*123*
Municipal Contribution	13,610	15,472	14,577	15,463	15,539
Provincial Contribution	16,814	17,221	17,101	17,220	17,221
TOTAL REVENUE	52,267	56,002	56,221	57,056	57,235

In the Municipal Systems Program, planned expenditures of $60.4 million in 2002/03 are expected to increase by 0.2% to $60.5 million by 2004/05.

TABLE 2

OPERATING BUDGET SUMMARY
MUNICIPAL SYSTEMS PROGRAM
($ thousands)

	2000/2001 Actual	2001/2002 Budget	2002/2003 Projection	2003/2004 Projection	2004/2005 Projection
EXPENDITURES					
CONVENTIONAL TRANSIT					
Operating Costs	40,810	42,918	43,100	42,946	42,834
Debt Servicing	3,804	4,624	4,806	4,883	4,961
Subtotal	44,614	47,542	47,906	47,828	47,795
CUSTOM TRANSIT					
Operating Costs	10,832	11,907	11,801	11,903	12,005
Debt Servicing	487	700	722	734	746
Subtotal	11,319	12,608	12,523	12,637	12,751
TOTAL PROGRAM EXPENDITURE	55,933	60,149	60,429	60,465	60,546
SOURCES OF FUNDING					
LOCAL SOURCES					
Fares/advertising	15,905	16,585	17,004	17,052	17,109
Municipal Contribution	14,125	16,085	15,949	15,950	15,967
Provincial Contribution	25,903	27,479	27,476	27,462	27,470
TOTAL REVENUE	55,933	60,149	60,429	60,465	60,546

5.3 Capital Plan

BC Transit's capital requirements have been significantly reduced as result of curtailing expansion within the system as a whole and the careful re-allocation of provincial fleet resources. The fleet profile maintains existing service levels and reflects only the replacement of aging/obsolete vehicles and infrastructure upgrades within the context of the flat provincial share and total funding package outlined in the previous section.

For the three fiscal years covered by this performance plan, 2002/03 to 2004/05, BC Transit's capital expenditures are planned to be $46.2 million. The major components of BC Transit's capital plan for the next three years are as follows:

- Replacement vehicles for conventional and custom services. In the next three years there are forecast to be 44 conventional bus and 88 custom vehicles purchased with almost all of these to replace the oldest/most obsolete vehicles in the fleet.
- Advanced technology implementation to improve ridership and service reliability. This involves the Corporate enterprise-wide data system, mobile data management systems, and new radios for the fleet.

- Facility upgrades with the primary elements being the Kamloops and Trail garage facilities and a vehicle wash facility in Kelowna.
- New operating centre in Whistler. This does not appear as a capital budget outlay because operating leases with a private developer will be used to acquire the land and facility.
- Jack Bell Foundation vanpooling. This involves purchasing replacement vans for select service areas. These costs, however will be self-funding with all vehicle-related costs charged to the vanpool users.

6. PERFORMANCE MEASURES AND TARGETS

6.1 Assessment of Performance Against Objectives 2001/02

The following table summarizes the financial results and basic service hour and ridership to the end of December 2001, and provides a forecast to the end of March 2002, against the initial service plan objectives and budge for the fiscal year. Total expenditures are forecast to be $4.4 million (3.8%) below budget due primarily to service reductions in Victoria and deferral of planned expansions in the Municipal Systems. Ridership and average service effectiveness are forecast to be slightly above target for the year.

TABLE 3

BC TRANSIT
AS AT DECEMBER 31, 2001

(thousands)	YTD			ANNUAL		
	2001/2002 Actuals	2001/2002 Budget	Variance F (U)	2001/2002 Forecast	2001/2002 Budget	Variance F (U)
Victoria Regional Transit System						
Total Revenue	16,062	17,294	(1,231)	21,675	23,308	(1,633)
Operating Cost	35,360	36,536	1,176	47,428	49,649	2,221
Debt Service (Local Share)	4,248	4,544	296	5,780	6,354	574
Victoria Total Cost	**39,607**	**41,080**	**1,472**	**53,208**	**56,003**	**2,795**
Hours	*499*	*519*	*21*	*674*	*712*	*38*
Passengers	*13,765*	*14,370*	*(605)*	*19,072*	*19,601*	*(529)*
Municipal Systems Program						
Total Revenue	12,671	11,574	1,097	17,707	16,585	1,122
Operating Cost	39,090	40,758	1,668	53,727	54,825	1,098
Debt Service (Local Share)	3,581	3,800	219	4,821	5,325	504
Mun/Sys Total Cost	**42,671**	**44,558**	**1,887**	**58,548**	**60,149**	**1,602**
Hours	*659*	*671*	*12*	*896*	*914*	*18*
Passengers	*11,671*	*11,077*	*594*	*16,565*	*15,894*	*670*
BC Transit Total						
Total Revenue	28,733	28,868	(135)	39,382	39,893	(511)
Operating Cost	74,450	77,294	2,844	101,155	104,474	3,319
Debt Service (Local Share)	7,828	8,344	515	10,601	11,678	1,077
Total Cost	**82,279**	**85,638**	**3,359**	**111,756**	**116,152**	**4,396**
Hours	*1,158*	*1,190*	*32*	*1,570*	*1,626*	*56*
Passengers	*25,436*	*25,447*	*(11)*	*35,637*	*35,495*	*142*

6.2 Efficiency and Effectiveness to 2004/05

Consistent with standard transit industry reporting, BC Transit uses a basic set of measures to track the performance of transit services. The most important measures of efficiency and effectiveness are:

- **Revenue Hours** represent the total number of scheduled hours that the transit fleet is in regular passenger service.

- **Revenue Passengers** represent transit riders who have made one fare payment to use the transit service. (Passengers who use a transfer and board more than one bus to complete a trip are only counted once.)

- **Revenue Passengers Per Service Hour** is a primary measurement of the effectiveness of the service.

- **Cost Recovery** is a measure of financial performance expressed in terms of total revenue/total expenses.

- **Operating Cost per Service Hour** is an important efficiency measure.

- **Cost per Revenue Passenger** is a key unit cost/efficiency measure widely used and reported by transit agencies.

Service effectiveness and cost efficiency performance targets for all of BC Transit's systems and programs are presented below.

6.2.1. Victoria Regional Transit System Performance

Three year performance targets for the Victoria Regional Transit System are included in Table 4. Productivity levels from 2002/03 to 2004/05 are projected to increase 1.5% to 33.0 revenue passengers per hour. Operating costs per hour are forecast to increase by 3.4% due to inflation and debt servicing. Total cost per passenger is forecast to go up by 3.7%. Cost recovery from the farebox is forecast to remain in the 46-47% range throughout this time period, the highest cost recovery level in British Columbia.

TABLE 4

PERFORMANCE INDICATORS
VICTORIA REGIONAL TRANSIT SYSTEM
CONVENTIONAL TRANSIT

	2000/2001 Actual	2001/2002 Budget	2002/2003 Target	2003/2004 Target	2004/2005 Target
SERVICE EFFECTIVENESS					
Service hours	603 197	612 314	580 000	565 000	559 100
Revenue passengers	19 282 625	19 232 700	18 850 000	18 645 000	18 450 300
Revenue passengers per hour	32 0	31 4	32 5	33 0	33 0
COST EFFICIENCY					
Total cost recovery *(total rev & total cost)*	44 7%	45 0%	47 3%	46 3%	46 4%
Operating cost per hour	$71 97	$73 35	$76 08	$78 31	$78 67
Total cost per passenger	$2 49	$2 65	$2 71	$2 77	$2 80

With regard to custom transit in Victoria, service hours are expected to increase by 2% over the three year period, with ridership (van, Taxi Supplement and Taxi Saver) targeted to grow by 6.3%. Productivity levels are expected to increase 3.6% to 2.9 passengers per hour (excluding Taxi Saver program). Operating costs per hour (van service only) are expected to rise by 3.2%. Costs per passenger (taxi and van) are forecast to decrease by 1.3%.

TABLE 5

PERFORMANCE INDICATORS
VICTORIA REGIONAL TRANSIT SYSTEM
CUSTOM TRANSIT

	2000/2001 Actual	2001/2002 Budget	2002/2003 Target	2003/2004 Target	2004/2005 Target
SERVICE EFFECTIVENESS					
Service hours	93 634	99 518	101 000	102 000	103 000
Van passengers *(incl taxi supplement)*	245 970	270 009	282 800	295 800	298 700
Total custom passengers	294 944	368 186	386 299	403 439	410 644
Van passengers/taxi supplement per hour	2 6	2 7	2 8	2 9	2 9
COST EFFICIENCY					
Total cost recovery *(total rev to total cost)*	9 1%	7 8%	8 2%	8 3%	8 2%
Operating cost per hour	$44 29	$47 59	$48 94	$49 72	$50 52
Total cost per custom passenger	$14 56	$13 63	$13 54	$13 32	$13 36

6.2.2 Municipal Systems Program Performance

Productivity is targeted to improve 4.6% to 23.9 revenue passengers per hour. While the operating costs per hour are forecast to go up by 3.9%, the cost per passenger will remain constant.

TABLE 6

PERFORMANCE INDICATORS
MUNICIPAL SYSTEMS PROGRAM
CONVENTIONAL TRANSIT

	2000/2001 Actual	2001/2002 Budget	2002/2003 Target	2003/2004 Target	2004/2005 Target
SERVICE EFFECTIVENESS					
Service hours	638 600	673 230	671 188	656 188	642 188
Revenue passengers	14 492 070	14 694 358	15 343 184	15 349 171	15 349 815
Revenue passengers per hour	22 7	21 8	22 9	23 4	23 9
COST EFFICIENCY					
Total cost recovery *(total rev to total cost)*	32 2%	31 3%	31 8%	31 9%	32 0%
Operating cost per hour	$63 91	$63 75	$64 21	$65 45	$66 70
Total cost per passenger	$3 08	$3 24	$3 12	$3 12	$3 11

Custom and paratransit ridership (including van, Taxi Supplement and Taxi Saver) is expected to grow slightly (0.8%). Productivity levels are expected to increase by a similar rate, while operating costs per hour (van service only) are expected to go up by 1.9%. Costs per passenger (taxi and van) are projected to increase 1.1%.

TABLE 7

PERFORMANCE INDICATORS
MUNICIPAL SYSTEMS PROGRAM
CUSTOM / PARA TRANSIT

	2000/2001 Actual	2001/2002 Budget	2002/2003 Target	2003/2004 Target	2004/2005 Target
SERVICE EFFECTIVENESS					
Service hours	223 284	240 734	240 468	240 468	240 468
Van passengers	993 063	1 028 400	1 064 000	1 064 000	1 072 900
Total custom passengers	1 131 862	1 199 850	1 248 900	1 249 400	1 258 300
Van passengers per service hour	4 4	4 3	4 4	4 4	4 5
COST EFFICIENCY					
Total cost recovery *(total rev to total cost)*	13 6%	13 7%	14 0%	14 1%	14 3%
Operating cost per hour *(van only)*	$45 08	$45 46	$45 04	$45 46	$45 89
Total cost per custom passenger *(van & taxi)*	$10 00	$10 51	$10 03	$10 11	$10 13

6.3 Program Objectives

Specific program objectives for the coming year for BC Transit's corporate strategies (Section 4) are summarized in the table below.

2002/03 – 2004/05 Corp. Strategies	*Specific Objectives for 2002/03*
Service plan development	•Production of a CRD Regional Transportation Strategy •A new multi-year Service Development and Funding Plan for the Victoria Region •Expansion requests in Municipal Systems Program – funding strategy options for growth communities •Work with Vancouver 2010 Olympic Bid Committee to supply plan for local transportation in Whistler element of the bid submission
Facilities and fleet	•Delivery of 19 new double deck buses and 17 Dart mid-size coaches and 22 custom vehicles for 2002/03 •A new facility in Whistler, expansion of facilities in Kamloops and Trail and wash bay facility in Kelowna
Workforce development	•Conduct a workforce review to plan succession needs, particularly in the administrative and technical specializations •Annual Municipal Systems Program Management Seminar
Labour relations	•Development of Labour Negotiation Strategies •No loss of service through labour disruption •Implementation of any change provisions in existing collective agreements
Transportation demand and transportation supply management	•Transit Demand Management (TDM) partnerships to be developed with post secondary institutions in Kamloops, Kelowna and Prince George •Joint work with CRD and other municipalities on development of regional TDM programs including transit, cycling, and vanpooling •Vanpooling Program administration finalized to set long term structure for province-wide program

New technology implementation	•Continuation of the fuel cell engine testing program with XCELLSIS and the government •Continued implementation of the enterprise-wide data management system •Elimination of communications infrastructure costs through participation in the Capital Region Emergency Telecommunications network •Initiation of mobile data systems for both Victoria's conventional and custom fleet •E-billing web-enabled software in support Municipal System operations

6.4 Corporate Reporting

BC Transit reports its financial and performance results to the Victoria Regional Transit Commission and its Board of Directors on a quarterly and annual basis. BC Transit also reports to Treasury Board according to a fixed quarterly schedule. All annual corporate reports are posted on the BC Transit website. In the coming year an effort will be made to post all Victoria Regional Transit Commission agendas and reports on the website as well.

In the Municipal Systems Program, BC Transit is enhancing the existing annual reporting arrangements with its municipal partners to include more detail and comparative data. Annual performance summaries are posted on the website for every transit system and program total.

BC Transit's financial statements are audited annually by KPMG.